



Sundays River Valley Municipality  
Financial statements  
for the year ended 30 June 2014  
Auditor General of South Africa

AUDITOR - GENERAL  
SOUTH AFRICA

30 NOV 2014

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# Sundays River Valley Municipality

Financial Statements for the year ended 30 June 2014

## General Information

Legal form of entity

The entity functions as a local municipality, established under Paragraph 151 of the Constitution of the Republic of South Africa, 1996, as amended.

Nature of business and principal activities

Sundays River Valley Local Municipality is a South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act (Act no 117 of 1998). The municipality's operations are governed by the Municipal Finance Management Act 56 of 2003 - Municipal Structure Act 117 of 1998 - Municipal Systems Act 32 of 2000 and various other acts and regulations

Mayoral committee

Mayor

Councillors

Kabe MW  
Hawu NG (Speaker)

Adams F  
Blou PR

Delport JS

Finis BAM

Grootboom TR

Jagers HE

Kula-Stefana J

Lose ZA

Manene J

Qusheka Z

Rune SH

Smith K

Snoek BC

Wagenaar I

Two (2)

N Ponco

LN Ngogo

30 Middle Street

Kirkwood

6120

PO Box 47

Kirkwood

6120

First National Bank

Auditor General of South Africa

Canter and Kie

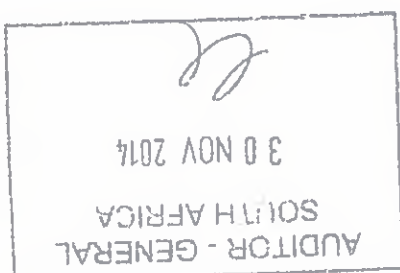
Deon van der Merwe Attorneys

De Wet and Stryder Attorneys, Conveyancers and Notaries

Doreen Mgoduka Attorneys

Friedman Schectler Attorneys, Conveyancers and Notaries

Pumeza Bono Incorporated



# Sundays River Valley Municipality

Financial Statements for the year ended 30 June 2014

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The reports and statements set out below comprise the financial statements presented to the provincial legislature:

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### Abbreviations

COLD	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

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## Sundays River Valley Municipality Financial Statements for the year ended 30 June 2014

### Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the council sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

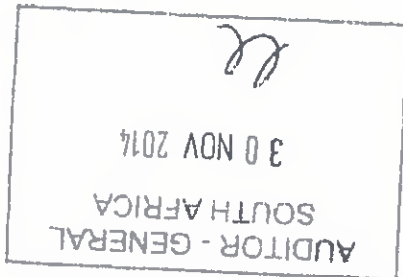
The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2015 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officer are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's financial statements. The financial statements have been examined by the municipality's external auditors and their report is presented on page 4.

The financial statements set out on pages 4 to 51, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2014 and were signed on his behalf by:

LN Ngqongqo  
Accounting Officer



# Sundays River Valley Municipality

Financial Statements for the year ended 30 June 2014

## Statement of Financial Position as at 30 June 2014

Figures in Rand		Note(s)	2014	2013 Restated*
<b>Assets</b>				
<b>Current Assets</b>				
Inventories	<u>30.20</u>	7	158 005	158 005
Receivables from non-exchange transactions	<u>33.20</u>	8	696 039	949 759
Consumer debtors	<u>31.20</u>	9	8 955 781	23 725 942
Cash and cash equivalents	<u>32.20</u>	10	6 999 209	6 290 990
			<b>17 809 034</b>	<b>31 124 696</b>
<b>Non-Current Assets</b>				
Investment property	<u>21.20</u>	3	28 363 506	28 363 506
Property, plant and equipment	<u>20.20</u>	4	386 676 589	370 571 903
Intangible assets	<u>23.22</u>	5	670 507	982 932
Other asset	<u>27.27</u>		-	(10 500)
			<b>395 710 602</b>	<b>399 907 841</b>
<b>Total Assets</b>			<b>413 519 636</b>	<b>431 032 537</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Finance lease obligation	<u>25.29</u>	11	908 443	960 859
Payables from exchange transactions	<u>51.20</u>	14	26 872 314	23 574 631
VAT payable	<u>51.20</u>	15	4 140 158	3 774 463
Consumer deposits	<u>51.20</u>	16	269 980	262 178
Unspent conditional grants and receipts	<u>43.20</u>	12	3 073 282	612 595
Current portion long term liabilities	<u>43.27</u>		3 010 137	2 609 713
			<b>38 274 314</b>	<b>31 794 439</b>
<b>Non-Current Liabilities</b>				
Finance lease obligation	<u>25.29</u>	11	404 173	767 737
Employee benefit obligation	<u>27.22</u>	6	3 383 048	3 612 000
Provisions	<u>52.20</u>	13	9 346 707	15 823 206
Other liability	<u>43.27</u>		4 153 983	6 888 143
			<b>17 287 911</b>	<b>27 091 086</b>
<b>Total Liabilities</b>			<b>55 562 225</b>	<b>58 885 525</b>
<b>Net Assets</b>			<b>357 957 411</b>	<b>372 147 012</b>
Accumulated surplus	<u>40.24</u>		357 957 415	372 147 012

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\* See Note 27

# Sundays River Valley Municipality

Financial Statements for the year ended 30 June 2014

## Statement of Financial Performance

Figures in Rand	Note(s)	2014	2013	Restated*
<b>Revenue</b>				
<b>Revenue from exchange transactions</b>				
Rent/ing of services	18	45 232 785	38 375 996	
Rental of facilities and equipment	18	128 021	114 658	
Interest received (trading)	18	7 606 613	4 934 484	
Income from agency services	18	1 120 957	1 577 044	
Licences and permits	18	1 989 209	1 327 117	
Other income	18	229 802	748 167	
<b>Total revenue from exchange transactions</b>		<b>66 307 387</b>	<b>47 077 466</b>	
<b>Revenue from non-exchange transactions</b>				
Taxation revenue				
Property rates	19	13 933 346	13 014 347	
Transfer revenue				
Government grants & subsidies		72 717 340	65 751 795	
Fines		2 012 223	1 907 308	
Other income		176 666	1 507 008	
<b>Total revenue from non-exchange transactions</b>		<b>88 839 575</b>	<b>82 180 456</b>	
<b>Total revenue</b>		<b>145 146 962</b>	<b>129 257 922</b>	
<b>Expenditure</b>				
Personnel	22	(37 677 431)	(31 682 087)	
Remuneration of councillors	23	(5 519 224)	(4 930 220)	
Depreciation and amortisation		(19 309 864)	(13 796 839)	
Impairment loss/ Reversal of impairments		(42 096 988)	(15 821 989)	
Finance costs		(327 613)	(2 719 762)	
Repairs and maintenance		(11 816 419)	(11 842 927)	
Bulk purchases		(14 734 165)	(12 319 965)	
General Expenses	21	(27 854 855)	(26 588 330)	
<b>Total expenditure</b>		<b>(159 336 569)</b>	<b>(119 702 119)</b>	
<b>Operating (deficit) surplus</b>		<b>(14 189 597)</b>	<b>9 555 803</b>	
<b>(Deficit) surplus for the year</b>		<b>(14 189 597)</b>	<b>9 555 803</b>	

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## Sundays River Valley Municipality

Financial Statements for the year ended 30 June 2014

### Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2012	347 891 856	347 891 856
Changes in net assets		
Surplus for the year	9 555 803	9 555 803
Total changes	9 555 803	9 555 803
Opening balance as previously reported	365 016 725	365 016 725
Adjustments		
Correction of errors	7 130 287	7 130 287
Restated* Balance at 01 July 2013 as restated*	372 147 012	372 147 012
Changes in net assets		
Surplus for the year	(14 189 597)	(14 189 597)
Total changes	(14 189 597)	(14 189 597)
Balance at 30 June 2014	357 957 415	357 957 415

Note(s)

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\* See Note 27



# Sundays River Valley Municipality

Financial Statements for the year ended 30 June 2014

## Cash Flow Statement

Figures in Rand	Note(s)	2014	2013
			Restated*

<b>Cash flows from operating activities</b>			
Receipts			
Sale of goods and services		22 929 676	33 383 462
Grants		75 178 028	69 731 840
Other receipts		17 666 195	2 525 239
		115 773 899	105 640 541
Payments			
Employee costs		(43 196 665)	(36 879 078)
Suppliers		(53 679 083)	(44 729 512)
Finance costs		(327 613)	(2 719 762)
		(97 203 341)	(84 328 352)
<b>Net cash flows from operating activities</b>	24	18 570 558	21 312 189
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(15 139 413)	(16 433 101)
Proceeds from sale of property, plant and equipment	4	37 289	-
Purchase of other intangible assets	5	-	(51 500)
Purchase of other asset		(10 500)	-
Proceeds from sale of other asset 2		-	3 497
<b>Net cash flows from investing activities</b>		(15 112 624)	(16 481 104)
<b>Cash flows from financing activities</b>			
Movement in other liability		(2 333 736)	436 745
Finance lease payments		(415 980)	(1 200 252)
<b>Net cash flows from financing activities</b>		(2 749 716)	(763 507)
<b>Net increase/(decrease) in cash and cash equivalents</b>		708 218	4 067 678
Cash and cash equivalents at the beginning of the year		6 290 990	2 223 412
<b>Cash and cash equivalents at the end of the year</b>	10	6 999 208	6 290 990

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